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Stephen Engelberg  
Editor-In-Chief  
ProPublica  
155 Avenue of the Americas  
13th Floor  
New York, NY 10013  
[Stephen.engelberg@propublica.org](mailto:Stephen.engelberg@propublica.org)

Dear Mr. Engelberg:

Recently, Crain's Chicago Business published an article that had previously run in the Clarion-Ledger, but this time it used a new headline and news lead paragraph saying Koch "violated the law." This article was written by Isaac Arnsdorf and was originally entitled, "*How a Top Chicken Company Cut Off Black Farmers, One by One.*" The claims and accusations made against Koch Foods in the article by ProPublica's reporter are false and egregiously misplaced, and a balanced review of it shows that it is blatantly biased and politically motivated. The article lacks the objectivity expected from professional journalists because it portrays only one side of the story; provides no second source to confirm any claims being made by the farmers; and makes no attempt to provide any context for the specific situations. Interestingly, the facts in this letter were included in the GIPSA investigation file, which was available to Isaac Arnsdorf at the time he wrote this story.

The purpose of this letter is to ask ProPublica to revise Mr. Arnsdorf's content for his story to eliminate the references to a "violation of law." No laws were violated. There was no decision from a court. No judgment from the bench. No legal complaint filed. The USDA investigator's report that Mr. Arnsdorf used to make this unfounded claim is nothing more than the opinion of a government investigator. While we expect it is unlikely these following facts may not result in a retraction of the claims of discrimination ProPublica's reporter made against our company, we are hopeful that we can at least correct the record.

Koch Foods did not "cut off" or terminate the contracts of either of the farmers and did not discriminate against them. As with all of its contract growers, Koch made multiple attempts to work with both farmers over many months so that they could continue to fulfill their agreements. And these attempts are well documented. The article does not address any of those efforts. Despite Koch's efforts, both growers voluntarily stopped operating their farms, and to Koch's knowledge, neither of them attempted to contract with another poultry company, which is completely permissible if they were unhappy with their Koch relationship.

Koch Foods requires all growers to abide by its grower standards, which are intended to ensure that Koch's growers produce chickens in compliance with applicable animal health and welfare standards in a competitive manner so that Koch can produce wholesome poultry products of uniform quality and consistency of the type the market demands. Koch's success depends on the success of its growers, and Koch would never take actions against growers that would undermine that. To attract and maintain relationships with sufficient numbers of high-quality growers, Koch manages hundreds of grower relationships fairly and consistently. Treating growers unfairly would only undermine Koch's core business.

The overwhelming majority of Koch's growers operate successful farms. Sometimes, however, either because of the lack of proper management, neglect, or deferred maintenance, the condition of a grower's poultry houses may decline such that Koch is unable to place birds on the farm until deficiencies are corrected. If growers' farms fail to meet Koch's requirements, Koch always attempts to work with the growers so the farms can return to compliance and resume bird placement. Generally, these efforts are successful. In rare cases, growers may decide for personal, financial, or other reasons that they are either no longer willing or no longer able to make the commitment necessary to operate a successful growing operation. With respect to both John Ingrum and Carlton Sanders, this appears to be what happened for reasons unrelated to their growing operations.

Koch has zero-tolerance for any discriminatory activity based on race, color, ethnicity, or any other protected class, and the accusations made by both Mr. Ingrum and Mr. Sanders are unjustified and inaccurate.

Mr. Ingrum claims that Koch recruited him to become a grower, but then discriminated against him and ultimately put him out of business after he made allegations at a May 21, 2010 public workshop sponsored by the USDA and the Department of Justice. But, Koch never imposed any special requirements on Mr. Ingrum and never decided simply to discontinue placing birds on his farm. Instead, Koch attempted to work with Mr. Ingrum for almost two years in an effort to resume placements on his farm after it was no longer operational. Mr. Ingrum's last flock with the Company actually was over 18 months earlier in September 2008, and Koch's records reflect numerous phone calls, letters, farm inspections, and meetings with Mr. Ingrum dating back to 2008 in an effort to help his poultry farm remain viable for placement of birds even after Koch learned that the farm no longer had working utilities. Eventually, Mr. Ingrum's communications with Koch about attempting to return his farm to an operable condition stopped, and he apparently never attempted to do so with any other company either.

Mr. Sanders, who formerly had a contract with one of Koch's competitors when he was offered a grower contract by Koch, claims that Koch told him that he had to make over \$300,000 in updates to his farm to continue receiving birds and that he lost his farm after he stopped receiving bird placements for failing to make them. The "update list" to which the article refers derives from correspondence that Koch sent to Mr. Sanders on November 4, 2015. Koch, however, never required Mr. Sanders to make the updates on the list. Instead, Koch told Mr. Sanders and documented the fact that he had the option of making those improvements to upgrade his farm to a "Class A" house specifications so that he could receive a higher pay rate. If he did not want to make that investment, he (like all other growers) only had to comply with

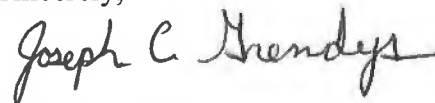
Koch's minimum house performance specifications, which had been communicated to him (and all other growers) in writing in February 2015 and discussed with him over approximately nine months leading up to that time. Mr. Sanders acknowledged that compliance with the minimum house specifications only would have required a small amount of work such as patching leaks, but he never performed the work or even attempted to.

Even if Mr. Sanders initially believed he had to make over \$300,000 in upgrades, only a few months later in March 2016, Koch explained to the U.S. Grain Inspection, Packers and Stockyards Administration (GIPSA) that Mr. Sanders only had to meet the minimum specifications to receive birds, but he never made any effort to meet them. By the time GIPSA contacted Koch about Mr. Sanders receiving birds in the summer of 2017, his poultry houses were in extreme disrepair due to neglect and a lack of maintenance with extensive rodent and beetle infestation damage and vital equipment in need of extensive repair or replacement. Koch provided this information to GIPSA, but never learned of any effort by Mr. Sanders to return the houses to an operable condition.

The bottom line is that while both Mr. Ingram and Mr. Sanders stopped growing chickens for Koch Foods, they were not treated any differently than any other Koch grower. Even attempting to connect the two events is unfair and unjustified. The activities and actions taken by Koch while working with each of the two growers were nine years apart, yet the article suggest differently. Both Mr. Ingram and Mr. Sanders were recruited to Koch, offered contracts, and grew chickens for Koch for years. If Koch had a bias against them for any reason, we would never have offered them contracts in the first place. Just as all growers, Mr. Ingram and Mr. Sanders were both important to Koch Foods and could still be growing chickens for Koch had they kept their farms in good working order and met Koch's standards like hundreds of other Koch growers successfully do year in and year out.

The publishing of this article was intended to damage Koch Foods reputation and borders on slander. The facts show that its depiction of the events that took place simply is not accurate.

Sincerely,



Joseph C. Grendys  
CEO  
Koch Foods, Inc.

cc: Robin Fields  
Managing Editor  
robin.fields@propublica.org